



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC WORKS



Raeanne V. Curtis
Commissioner

Written Testimony of David O'Hearn
Deputy Commissioner of Public Works
February 28, 2008
Energy and Technology Committee

SB 368: An Act Concerning Thermal Energy Transportation

Good morning Senator Fonfara, Representative Fontana, Senator Herlihy, Representative Williams and members of the Energy and Technology Committee. The Department of Public Works (DPW) respectfully submits testimony to express support for Senate Bill 368: An Act Concerning Thermal Energy Transportation. The purpose of this proposal is to regulate companies having an exclusive franchise to use public rights of way to distribute steam, chilled water or other media as public service companies.

Many state and private buildings in downtown Hartford are supplied heating and cooling services by the only thermal energy transport company in the city. The TEN Companies, Inc. ("TEN") currently supply heating and cooling services to government and private-sector buildings in Hartford, via two separate district heating and cooling systems, known as the "Downtown Loop" and the "Capitol Area System". The buildings on the Capitol Area System include without limitation the following State buildings: the State Armory, 79 Elm Street (the D.E.P.), 10 Clinton Street (the Department of Public Health), the Legislative Office Building, the Supreme Court Building, the State Library, 18-20 Trinity Street, 30 Trinity Street, the State Appellate Court, 25 Sigourney Street, and 410-474 Capitol Avenue (cooling only).

TEN has a special legislative franchise which was created by Special Act. The authority granted in the Special Act has created the unregulated monopoly that exists today to supply heating and cooling services in Hartford using steam, hot water and chilled water distribution pipes in public rights-of-way. The State buildings on the system were designed, constructed, and/or retrofit to operate without stand-alone heating and cooling systems and therefore, have no practical alternative to the services provided by TEN at this time.

As you may know, the State is presently in litigation with The Energy Network, Connecticut Natural Gas, Energy East, and others relating to past overcharges by the Defendants, as well as seeking injunctive relief to require TEN to provide service after May 1, 2008. TEN has indicated that notwithstanding its monopoly position as the provider of climate control services for the state buildings on the system, it will cease providing such

services to many of those buildings when the current contract expires on May 1, and has refused to discuss any terms for continuing those services.

Given that these matters are the subject of pending litigation, we have been advised by counsel not to comment about the lawsuits. I would note that this legislation is not intended to, nor will it have the effect of, addressing the past overcharges. This legislation will, however, provide a framework to regulate TEN going forward, and will cause this monopoly to meet the service and rate obligations of a utility.

For the above stated reasons, we are proposing that TEN be defined as a “thermal energy transportation company” and a “public service company” regulated as a public utility under the Department of Public Utility Control.

If you have any further questions, please contact our legislative liaison, Vanessa Ramirez at 860-713-5718.